

**State Employee Benefits Committee
Tatnall Building, Room 112
Dover, Delaware 19904**

The State Employee Benefits Committee met March 6, 2017. The following people were in attendance:

Committee Members:

Mike Jackson, Director, OMB
Rick Geisenberger, Secretary of Finance
Geoff Klopp, COAD
Mike Morton, Controller General
Evelyn Nestlerode, Designee of Chief Justice, Administrator of Courts
Ken Simpler, Treasurer
Jenifer Vaughn, Designee of the Insurance Commissioner
Dr. Kara Walker, Secretary of DHSS
Keith Warren, Designee of the Lt. Governor

Guests:

Brenda Lakeman, Director, SBO
Faith Rentz, Deputy Director, SBO
Lisa Porter, SBO
Joanna Adams, Pension Office
Rebecca Byrd, The Byrd Group
Jennifer Bredemeier, Univ of DE
Lisa Carmean, City of Milford
Mary Cook, Capital School District
Tammy Croce, DASA
Cindy Diaz, PHRST
Jacqueline Faulcon, DRSPA
Lois Finley, DRSPA
Judy Grant, HMS
Leighann Hinkle, SBO
Andrew Kerber, DOJ
Omar Masood, OST

Guests (continued):

Margaret Merkley, DRSPA
Regina Mitchell, OMB
Casey Oravez, OMB, Financial Ops
Evan Parks, Univ of DE
Lori Peddicord, COD
Karol Powers-Case, DRSPA
Kimberly Reinagel-Nietubicz, CGO
Kittie Rehris, DRSPA
Aaron Schrader, SBO
Ann Spence, DRSPA
Jim Testerman, DSEA-R
Valerie Watson, Finance
Bob Williams, NNI
Diana Young, DRSPA
Dr. George Schreppler, DCSN
Mike North, Aetna
Wendy Beck, Highmark
Jennifer Mossman, Highmark
Pam Price, Highmark
Peg Eitl, Highmark
Walt Mateja, Truven Consulting
Chris Giovannello, Willis Towers Watson
Jaclyn Iglesias, Willis Towers Watson
Rebecca Warnken, Willis Towers Watson

Introductions/Sign In

Director Jackson called the meeting to order at 2:02 p.m. Introductions were made.

Approval of Minutes - handout

Director Jackson entertained a motion to approve the minutes from the February 20th SEBC meeting. Controller General Morton made the motion and Mr. Klopp seconded the motion. The motion carried.

Director's Report – Brenda Lakeman, SBO

In an earlier meeting we mentioned during open enrollment items that Aflac was moving to a different platform, however, this will not be the case. There will also be no open enrollment for life insurance this year.

Group Health FY18 Planning – Financial Discussion – handout - Willis Tower Watson (WTW)

Rebecca Warnken presented this handout starting with an overview and terminology recap. For further discussion and to vote on today is the recommended approach (versus current approach) to set the FY18 recommended minimum reserve at \$24M. A recap of the FY18 projected expenditures totaling \$799.3M was conducted. Long term health care cost projections at a trend value of 6% was reviewed. FY18 savings opportunities outlined selected areas of potential savings from the GHIP strategic framework. Dr. Walker expressed the need to have continued dialogue around these opportunities. Treasurer Simpler agreed versus making no plan design changes one year and in the next year, having to make a lot of changes. The Director suggested to take a middle ground and take an approach for a half year to mitigate.

Impressed with the top three items already decided for FY18, Dr. Walker commented to steer members toward saving opportunities such as US Imaging and the Special Medicfill Plan Modifications along with other ways, maybe to tier contributions or opportunities to award people for their right choices like making preventive care free. With the national healthcare changes in process, WTW believes these are the areas for the committee to focus on as asked by Mr. Klopp. Secretary Geisenberger agreed with the need to focus on the facts and information available. Ms. Lakeman added that US Imaging is a contract within Aetna which is moving forward and is noted on the handout to demonstrate the savings. SBO will look to continue using the Truven tool in future open enrollments.

Highmark Care Management Models - handout - Willis Tower Watson (WTW)

Jaclyn Iglesias reviewed the CCMU Follow up answers, the CCMU Clinical Case Study and CCMU Employer Case Study handouts. The member would primarily engage over the phone with a nurse who would be able to view the member's clinical data to address any other possible issues. Ms. Iglesias said Highmark is willing to put performance and trend guarantees in place. Members would contact the health plan (CCMU) where this is one key area to primarily engage over the phone, where the nurses will be able to view the member's clinical data and have ability to address other issues than just what the member is calling for. Interest was expressed in knowing if there was a difference in the ER and Urgent Care utilization in these models.

The committee returned to the FY18 Savings Opportunities for a more in-depth view and discussion.

- Implementation of US Imaging is an adoption within Aetna and has no cost to the plan.
- Plan Design modifications included the different options to consider, deductible plans with an incentive base, with discussion to continue at the next meeting to cover 2nd half of FY18. Ms. Vaughn commented that providers along with members need to be educated on where to obtain x-rays, Rx, etc. The Treasurer asked for more dialogue on deductibles for the future of the plan and looks to WTW to provide ways to return money to those who behaved well. Ms. Rentz indicated that the committee had previously considered ideas like a deductible plan for those that do not engage in certain programs like health management. SBO to bring more ideas to the next meeting for a deductible discussion for 2nd half of FY18. Mr. Klopp expressed the need to take the deductible option slow and steady while the Treasurer understands this concern but to wait to do a lot one year and nothing the next year is disruptive.
- The Director reiterated what is decided today, would impact the first half of FY18 only with more information needed around the Plan Design modifications for second half of FY18.
- Elimination of Double State Share (DSS) would affect about 5,000 individuals with retirees being approximately one-third. Discussion occurred on grandfathering retirees only with respect to DSS. SBO to provide more detail on DSS numbers – actives versus retirees.
- Special Medicfill Plan – Discussion occurred and SBO suggested perhaps a phased in approach for those pensioners to pay the 5% of the premium for this plan
- Section 19 epilogue – Committee to vote on to options to either eliminate or modify the epilogue language to allow SEBC to make the decision to implement an active enrollment each year during budget renewal. This would not waive members but determine a default plan option. Ms. Lakeman shared the history of this epilogue language which was written over 10 years ago and has not been modified. The epilogue was written after the eBenefits module was first implemented and employees who did not take action during open enrollment were defaulted to waived. Preference appeared to be option 2 (support for active enrollment) versus option 1 (eliminate epilogue).
- Recommendations for vote for FY18 were reviewed with additional discussion around the \$24M minimum reserve.

Public Comments

Mr. Jim Testerman, DSEA-R, expressed concerns about how initiating deductibles would be detrimental to retirees, that House Bill 81 should not be changed and the importance of the grandfathering of participants of DSS and pensioners not contributing toward premium of Medicfill Supplement plan. Plans for next year should remain as they are.

Ms. Jacqueline Faulcon, DRSPA, thanked committee in maintaining the health benefits, both in regards to premiums and copays. Concerns were expressed about the need to address employee and pensioner compensation on par as well as the need to increase the death benefit to \$10K.

Other Business

None

Motions

The Director entertained a motion on the recommendation for FY18 to keep premium rates and contributions as is with no change through December 31, 2017. Treasurer Simpler made the motion and Controller General Morton seconded the motion. Motion carried.

A motion was requested on the recommendation to approve the FY18 minimum reserve at \$24M. Mr. Klopp made the motion and Ms. Vaughn seconded the motion. Motion carried.

The Director asked for a motion on the recommendation for FY18 to approve support for proposed revision to Section 19 of Budget epilogue regarding active enrollment. Treasurer Simpler made the motion and Secretary Geisenberger seconded the motion. Motion carried.

Director Jackson announced the next meeting is March 24, 2017 and asked for a motion to adjourn the meeting. Mr. Klopp made the motion and Controller General Morton seconded the motion. Meeting adjourned at 3:41 pm.

Respectfully submitted,

Lisa Porter
Statewide Benefits Office